

**OXFORD ELGIN ST. THOMAS HEALTH UNIT**

Operating as

**SOUTHWESTERN PUBLIC HEALTH**

**Financial Statements**

**December 31, 2018**

# **SOUTHWESTERN PUBLIC HEALTH**

## **Financial Statements**

**For the Eight Month Period Ended December 31, 2018**

---

<b>Table of Contents</b>	<b>PAGE</b>
Independent Auditors' Report	1 - 2
Statement of Financial Position	3
Statement of Operations and Surplus	4
Statement of Change in Net Financial Debt	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 17
Schedule of Expenditures	18 - 20
Twelve Months Statement of Operations and Surplus	21



**GRAHAM SCOTT ENNS** LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

P. 519-633-0700 · F. 519-633-7009  
450 Sunset Drive, St. Thomas, ON N5R 5V1

P. 519-773-9265 · F. 519-773-9683  
25 John Street South, Aylmer, ON N5H 2C1

[www.grahamscottens.com](http://www.grahamscottens.com)

## **INDEPENDENT AUDITORS' REPORT**

To the **Board of Health, Members of Council, Inhabitants and Ratepayers** of the participating municipalities of the County of Oxford, County of Elgin and City of St. Thomas:

### **Opinion**

We have audited the financial statements of **Southwestern Public Health**, which comprise the statement of financial position as at December 31, 2018, and the statement of operations and surplus, statement of changes in net debt and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the organization's financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2018, and the results of its operations and its cash flows for the period then ended in accordance with Canadian accounting standards for public sector entities.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Information**

Note 18 in these financial statements provides details on the merger between the Elgin St. Thomas Health Unit and the Oxford County Health Unit. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for public sector entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.



**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**Auditors' Responsibilities for the Audit of the Financial Statements (Continued)**

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

St. Thomas, Ontario

April 10, 2019

*Graham Scott Enns LLP*  
CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

# SOUTHWESTERN PUBLIC HEALTH

## Statement of Financial Position December 31, 2018

---

	(Note 18) 2018 <u>\$</u>
<b>FINANCIAL ASSETS</b>	
Cash	4,192,533
Accounts receivable	207,038
Government remittance receivable	<u>201,473</u>
	<u>4,601,044</u>
<b>FINANCIAL LIABILITIES</b>	
Accounts payable and accrued liabilities	1,361,056
Deferred revenue (Note 3)	1,133,950
Due to Province of Ontario	110,070
Long-term debt (Note 5)	<u>8,057,000</u>
	<u>10,662,076</u>
<b>NET FINANCIAL DEBT (PAGE 5)</b>	<u>(6,061,032)</u>
<b>NON-FINANCIAL ASSETS</b>	
Prepaid expenses	44,573
Tangible capital assets (Note 4)	<u>9,008,370</u>
	<u>9,052,943</u>
<b>ACCUMULATED SURPLUS (PAGE 4)</b>	<u>2,991,911</u>

Approved by the Board:



Director



Director

---

The accompanying notes are an integral part of these financial statements.

# SOUTHWESTERN PUBLIC HEALTH

## Statement of Operations and Surplus For the Eight Month Period Ended December 31, 2018

	(Note 14) Budget 2018 <u>\$</u>	(Note 18) Actual 2018 <u>\$</u>
<b>REVENUES</b>		
Operating grants		
Municipal:		
County of Elgin	577,455	585,088
City of St. Thomas	448,745	454,709
County of Oxford	1,434,985	1,457,565
Province of Ontario (Note 6)	11,167,275	10,183,870
Healthy Kids Community Challenge (Note 7)	43,750	84,486
Public Health Agency of Canada (Note 8)	83,250	83,642
Canada Health Infoways (Note 9)	-	26,159
Student Nutrition (Note 10)	-	54,591
	<u>13,755,460</u>	<u>12,930,110</u>
Total operating grants		
Other		
Other fees and recoveries	64,483	158,536
Clinics	16,667	19,491
Interest	-	43,485
	<u>81,150</u>	<u>221,512</u>
Total other revenue		
	<u>13,836,610</u>	<u>13,151,622</u>
<b>TOTAL REVENUES</b>		
	<u>13,675,667</u>	<u>12,285,628</u>
<b>EXPENDITURES - SCHEDULE (PAGE 19)</b>		
	<u>160,943</u>	<u>865,994</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>		
	-	-
<b>SURPLUS, BEGINNING OF PERIOD (NOTE 18)</b>		
	-	-
<b>CONTRIBUTED SURPLUS AT MAY 1, 2018:</b>		
Elgin St. Thomas Health Unit	-	1,525,489
Oxford County Public Health	-	600,428
	<u>-</u>	<u>2,125,917</u>
<b>ACCUMULATED SURPLUS, END OF PERIOD (NOTE 2)</b>		
	<u>160,943</u>	<u>2,991,911</u>

The accompanying notes are an integral part of these financial statements.

# SOUTHWESTERN PUBLIC HEALTH

## Statement of Change in Net Financial Debt For the Eight Month Period Ended December 31, 2018

---

	(Note 14) Budget 2018 <u>\$</u>	(Note 18) Actual 2018 <u>\$</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	160,943	<b>865,994</b>
Amortization of tangible capital assets	-	<b>250,485</b>
Net acquisition of tangible capital assets	-	<b>(629,366)</b>
Change in prepaid expenses	-	<b>(14,293)</b>
County of Oxford reserve contribution	<u>-</u>	<u><b>531,523</b></u>
<b>DECREASE IN NET DEBT</b>	160,943	<b>1,004,343</b>
<b>NET FINANCIAL DEBT, BEGINNING OF PERIOD</b>	<u>7,065,375</u>	<u><b>7,065,375</b></u>
<b>NET FINANCIAL DEBT, END OF PERIOD</b>	<u><u>7,226,318</u></u>	<u><u><b>6,061,032</b></u></u>

---

The accompanying notes are an integral part of these financial statements.

# SOUTHWESTERN PUBLIC HEALTH

## Statement of Cash Flows For the Eight Month Period Ended December 31, 2018

---

	(Note 18) 2018 <u>\$</u>
<b>OPERATING ACTIVITIES</b>	
Excess of revenues over expenditures	865,994
Items not involving cash:	
Amortization of tangible capital assets	250,485
Change in non-cash assets and liabilities:	
Accounts receivable	178,863
Government remittances receivable	(100,545)
Prepaid expenses	(14,293)
Accounts payable and accrued liabilities	268,394
Deferred revenue	986,111
Due to Province of Ontario	<u>634,771</u>
Cash provided by operating activities	<u>3,069,780</u>
<b>CAPITAL ACTIVITIES</b>	
Net acquisition of tangible capital assets	<u>(629,366)</u>
Cash applied to capital activities	<u>(629,366)</u>
<b>FINANCING ACTIVITIES</b>	
Reserve contribution from the County of Oxford	531,523
Repayment to long-term debt	<u>(137,000)</u>
Cash applied to financing activities	<u>394,523</u>
<b>NET CHANGE IN CASH DURING THE YEAR</b>	<b>2,834,937</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b><u>1,357,596</u></b>
<b>CASH, END OF PERIOD</b>	<b><u><u>4,192,533</u></u></b>

---

The accompanying notes are an integral part of these financial statements.



**SOUTHWESTERN PUBLIC HEALTH**  
**Notes to the Financial Statements**  
**For the Eight Month Period Ended December 31, 2018**

---

Southwestern Public Health (the "organization") provides health services to the residents of the City of St. Thomas, County of Elgin and the County of Oxford and is accountable to the Province of Ontario as outlined in the Health Protection and Promotion Act.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the organization are prepared by management in accordance with Canadian accounting standards for public sector entities. Significant aspects of the accounting policies adopted by the organization are as follows:

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

Accounting Estimates

The preparation of these financial statements is in conformity with Canadian accounting standards for public sector entities which requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

In particular, the organization uses estimates when accounting for certain items, including:

- Useful lives of tangible capital assets
- Employee benefit plans

Financial Instruments

The organization's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and long-term debt. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency, or credit risk arising from these financial instruments.

Government Transfers

Government transfers are recognized in the financial statements as revenues in the financial period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met including performance and return requirements, and reasonable estimates of the amounts can be determined. Any amount received but restricted is recorded as deferred revenue in accordance with Section 3100 of the Public Sector Accounting Handbook and recognized as revenue in the period in which the resources are used for the purpose specified.

**SOUTHWESTERN PUBLIC HEALTH**  
**Notes to the Financial Statements**  
**For the Eight Month Period Ended December 31, 2018**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	20 years
Building	40 years
Roof	20 years
Component equipment	24 years
Computer equipment	4 years

Amortization begins the first month of the year following the year the asset is placed in service and to the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Deferred Revenue

The organization administers other non-mandatory public health programs funded by the Province of Ontario and reported on a Provincial fiscal year end of March 31st. Any unexpended funding for these programs at December 31st is reported as deferred revenue on the statement of financial position. Additionally the organization receives certain grants and other funding from external sources for administering public health programs and may defer funds not spent at December 31st if the respective funding agreement has a term beyond the year end.

Employee Benefit Plans

The organization accounts for its participation in the Ontario Municipal Employees Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. The OMERS plan specifies the retirement benefits to be received by the employees based on the length of service and pay rates. Employee benefits include post employment benefits. Post employment benefits are subject to actuarial valuations and are accrued in accordance with the projected benefit method, prorated on service and management's best estimate of salary escalation and retirement ages of employees. Any actuarial gains and losses related to past service of employees are amortized over the expected average remaining service period.

Recent Accounting Pronouncements

PSAB released a standard related to Financial Instruments (PS 3450). The standard applies to all local governments for fiscal years beginning on or after April 1, 2019. The standard applies to all types of financial instruments. The new standard requires that equity and derivative instruments be measured at fair value, with changes in value being recorded in the statement of remeasurement gains/losses. The standard gives the option of cost/amortized cost vs. fair value of remaining instruments, which is elected upon by the government organization. The organization has not yet determined what, if any, financial reporting implications may arise from this standard.

**SOUTHWESTERN PUBLIC HEALTH**  
**Notes to the Financial Statements**  
**For the Eight Month Period Ended December 31, 2018**

---

**2. ACCUMULATED SURPLUS**

The accumulated surplus consists of the following individual fund surplus/(deficit) and reserves as follows:

	<b>2018</b>
	<u><b>\$</b></u>
<b>SURPLUS</b>	
General reserve	1,060,713
Contingency reserve, set aside by the Board	979,828
Invested in tangible capital assets	<u>9,008,370</u>
	11,048,911
<b>AMOUNTS TO BE RECOVERED</b>	
Net long-term debt	<u>(8,057,000)</u>
<b>ACCUMULATED SURPLUS</b>	<u><u>2,991,911</u></u>

The organization approved the creation of a reserve for contingencies to meet unforeseen program or corporate expenditures. The balance of the reserve is not to exceed 5% of the total annual budget.

**3. DEFERRED REVENUE**

	<b>2018</b>
	<u><b>\$</b></u>
Merger - One time funding	670,960
St. Thomas - Low German Needs Assessment	69,576
Healthy Smiles Ontario: Dental Equipment - One time funding	85,831
Student Nutrition	52,467
School Health Screening - One time funding	44,818
Needle Exchange Program	28,035
Sewage Inspection Program	17,439
Other	<u>164,824</u>
 Total Deferred Revenue	 <u><u>1,133,950</u></u>

**SOUTHWESTERN PUBLIC HEALTH**  
**Notes to the Financial Statements**  
**For the Eight Month Period Ended December 31, 2018**

---

**4. TANGIBLE CAPITAL ASSETS**

**December 31, 2018**

<b>Cost</b>	Opening \$	Additions \$	Disposals \$	Ending \$
Land	572,909	-	-	572,909
Land improvements	161,330	-	-	161,330
Building	7,373,729	77,710	-	7,451,439
Roof	157,000	-	-	157,000
Building component equipment	769,346	63,824	-	833,170
Information technology equipment	<u>804,974</u>	<u>487,832</u>	<u>-</u>	<u>1,292,806</u>
	<u>9,839,288</u>	<u>629,366</u>	<u>-</u>	<u>10,468,654</u>
 <b>Accumulated Amortization</b>	 Opening \$	 Amortization \$	 Disposals \$	 Ending \$
Land improvements	26,890	5,378	-	32,268
Building	616,453	122,895	-	739,348
Roof	26,167	5,233	-	31,400
Building component equipment	323,721	25,850	-	349,571
Information technology equipment	<u>216,568</u>	<u>91,129</u>	<u>-</u>	<u>307,697</u>
	<u>1,209,799</u>	<u>250,485</u>	<u>-</u>	<u>1,460,284</u>
 <b>Net Book Value</b>	 Opening \$			 Ending \$
Land	572,909			572,909
Land improvements	134,440			129,062
Building	6,757,276			6,712,091
Roof	130,833			125,600
Building component equipment	445,625			483,599
Information technology equipment	<u>588,406</u>			<u>985,109</u>
	<u>8,629,489</u>			<u>9,008,370</u>

The opening figures have been restated to include the tangible capital assets from both the Oxford County Public Health and the Elgin St. Thomas Health Unit at May 1, 2018.

**SOUTHWESTERN PUBLIC HEALTH**  
**Notes to the Financial Statements**  
**For the Eight Month Period Ended December 31, 2018**

---

**5. LONG-TERM DEBT**

a) The balance of long-term debt reported on the Statement of Financial Position is made up of the following:

	<b>2018</b>
	<u>\$</u>
RBC bankers' acceptance to finance construction of new office building	<u><b>8,057,000</b></u>

Principal payments relating to the long-term debt outstanding are due as follows:

2019	2020	2021	2022	2023	Thereafter	Total
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>211,000</u>	<u>218,000</u>	<u>226,000</u>	<u>232,000</u>	<u>241,000</u>	<u>6,929,000</u>	<u>8,057,000</u>

On January 2, 2014 the former Elgin St. Thomas Health Unit converted the short term construction loan into long-term financing. The former organization was advanced \$9,000,000 in a 32 day banker acceptance notes at the CDOR rate of 1.22% plus a stamping fee of 0.40%. The former organization at the same time entered into an interest rate swap contract to fix the interest rate on their long-term financing at 2.85% for a 30 year time frame. As a result of these transactions, the former organization had fixed their rate on this debt obligation at 2.85% plus the stamping fee (for a total of 3.25% for 2018). The stamping fee is reviewed every fifteen years to determine if the risk assessment of the organization has changed from the last review at which point the rate could increase if additional risk is determined. As a result of the interest swap agreement, if the organization were to repay the long-term debt at December 31, 2018 an additional cost of \$276,201 would be incurred. An additional \$250,000 can be borrowed at any time and added to this swap agreement.

**SOUTHWESTERN PUBLIC HEALTH**  
**Notes to the Financial Statements**  
**For the Eight Month Period Ended December 31, 2018**

---

**6. PROVINCE OF ONTARIO**

	<b>2018</b> <b><u>\$</u></b>
Cost shared programs	
General Public Health Programs	6,011,598
Vector Borne Diseases	96,127
Small Drinking Water Systems	<u>20,469</u>
Total cost shared programs	<u>6,128,194</u>
Other programs and one-time funding	
Healthy Babies Healthy Children	1,115,930
Healthy Smiles Ontario operating	672,623
Merger Costs - One Time Funding	453,104
Smoke-Free Ontario	450,006
Infectious Disease Control Initiative	260,510
Public Health Nurse Initiative	232,134
Harm Reduction Program Enhancement	222,693
Chief Nursing Officer	163,434
Infection Prevention and Control Nurses Initiative	126,864
Prenatal and Postnatal Nurse Practitioner Services	92,656
Medical Officer of Health Compensation Initiative	72,423
Enhanced Food Safety - Haines Initiative	41,666
Healthy Smiles Ontario - One Time Funding	37,163
Needle Exchange Program	28,486
Enhanced Safe Water Initiative	21,640
Electronic Cigarettes Act Protection and Enforcement - One Time Funding	21,432
Public Health Inspector Practicum Placement - One Time Funding	20,000
School Health Screening - One Time Funding	15,932
Needle Exchange Program - One Time Funding	<u>6,980</u>
Total other programs and one-time funding	<u>4,055,676</u>
Total Province of Ontario grants	<u>10,183,870</u>

**SOUTHWESTERN PUBLIC HEALTH**  
**Notes to the Financial Statements**  
**For the Eight Month Period Ended December 31, 2018**

---

**7. HEALTHY KIDS COMMUNITY CHALLENGE**

The organization is an administrator for funding from the Minister of Health and Long-Term Care for funds to carry out the Ontario's Healthy Kids Community Challenge. The program requires the implementation of local activities based on one specific theme related to healthy eating or physical activity every nine months. The organization reports on a fiscal year end of March 31st to the Minister of Health and Long-Term Care. Any unexpended funding for this program at December 31st is reported as deferred revenue on the statement of financial position.

	<b>2018</b>
	<u><b>\$</b></u>
<b>Revenue</b>	<u><b>84,486</b></u>
<b>Expenditure</b>	
Program Supplies	67,264
Salaries	13,778
Benefits	<u><b>3,444</b></u>
	<u><b>84,486</b></u>
<b>Program excess of revenue over expenditures</b>	<u><u><b>-</b></u></u>

**8. PUBLIC HEALTH AGENCY OF CANADA**

The organization receives funding from the Public Health Agency of Canada for funds to carry out the Creating Connections project. The organization and local developers will partner to improve walkability in the City of St. Thomas. Any unexpended funding for this program at December 31st is reported as deferred revenue on the statement of financial position.

	<b>2018</b>
	<u><b>\$</b></u>
<b>Revenue</b>	<u><b>83,642</b></u>
<b>Expenditure</b>	
Purchased services	<u><b>83,642</b></u>
<b>Program excess of revenue over expenditures</b>	<u><u><b>-</b></u></u>

**SOUTHWESTERN PUBLIC HEALTH**  
**Notes to the Financial Statements**  
**For the Eight Month Period Ended December 31, 2018**

---

**9. CANADA HEALTH INFOWAYS**

The organization receives funding from Canada Health Infoway (CHI) - a not-for-profit corporation funded by the Government of Canada to foster and accelerate amongst other matters the development and adoption of electronic health information systems, common standards, health surveillance, and telehealth technologies, which are compatible and interoperable on a pan-Canadian basis. Any unexpended funding for this program at December 31st is reported as deferred revenue on the statement of financial position.

	<b>2018</b>
	<b><u>\$</u></b>
<b>Revenue</b>	<b><u>26,159</u></b>
<b>Expenditure</b>	
Program supplies	<b><u>26,159</u></b>
<b>Program excess of revenue over expenditures</b>	<b><u><u>-</u></u></b>

**10. STUDENT NUTRITION**

The organization receives funding from a number of external agencies including the United Way and VON to provide healthy foods to participating schools in Oxford County. Any unexpended funding for this program at December 31st is reported as deferred revenue on the statement of financial position.

	<b>2018</b>
	<b><u>\$</u></b>
<b>Revenue</b>	<b><u>54,591</u></b>
<b>Expenditure</b>	
Program supplies	<b><u>54,591</u></b>
<b>Program excess of revenue over expenditures</b>	<b><u><u>-</u></u></b>

**11. OPERATING LEASES**

The organization leases two buildings from the County of Oxford at \$44,167 per month plus HST on an ongoing monthly basis. The lease term ends April 30, 2020. On an annual basis the landlord increases the annual rent by the percentage increase of the Consumer Price Index.

The minimum annual lease payments required in each of the next two years in respect of operating leases are as follows:

	<b><u>\$</u></b>
2019	530,000
2020	176,667



**SOUTHWESTERN PUBLIC HEALTH**  
**Notes to the Financial Statements**  
**For the Eight Month Period Ended December 31, 2018**

---

**12. CASH FLOW FROM THE PROVINCE OF ONTARIO MINISTRIES OF HEALTH AND LONG-TERM CARE AND CHILDREN AND YOUTH SERVICES**

The organization receives funding from the Province of Ontario Ministry of Health and Long-Term Care, Public Health Division and Health Promotion Division, and the Ministry of Children and Youth Services to carry out mandatory and related health programs and services. Funding provided from the Ministry for the year ended December 31, 2018 (12 month) is as follows:

	Public Health Division \$	Children and Youth Services \$
Mandatory	9,017,400	-
Merger Costs	1,779,500	-
Healthy Smiles Ontario operating	1,008,100	-
Smoke-Free Ontario Strategy	655,900	-
Infectious Disease Control Initiative	389,000	-
Social Determinants of Health Nurses Initiative	361,000	-
Harm Reduction Program Enhancement	300,000	-
Chief Nursing Officer	243,000	-
Medical Officer of Health Compensation Initiative	176,275	-
Infection Prevention and Control Nurses Initiative	180,200	-
Healthy Smiles Ontario capital	103,350	-
Vector-Borne Diseases	119,600	-
Needle Exchange Program	85,300	-
Healthy Growth/School Health Screening	60,750	-
Enhanced Food Safety - Haines Initiative	50,000	-
Enhanced Safe Water Initiative	31,000	-
Small Drinking Water Systems	30,700	-
Electronic Cigarettes Act Protection and Enforcement	28,100	-
Public Health Inspector Practicum Placement	15,000	-
Healthy Babies Healthy Children	-	1,653,539
Prenatal and Postnatal Nurse Practitioner Services	-	141,174
Records Information Management	70,000	-
	<u>14,704,175</u>	<u>1,794,713</u>

**SOUTHWESTERN PUBLIC HEALTH**  
**Notes to the Financial Statements**  
**For the Eight Month Period Ended December 31, 2018**

---

**13. PENSION AGREEMENTS**

The organization makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Each year, an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits the members have earned to date. The most recent actuarial valuation of the Plan was conducted December 31, 2018, and the results of this valuation disclosed actuarial liabilities of \$100.1 billion in respect of benefits accrued for service with actuarial assets at that date of \$95.9 billion leaving an actuarial deficit of \$4.2 billion.

Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the organization does not recognize any share of the OMERS Pension surplus or deficit in these financial statements.

The amount contributed to OMERS for the eight months ended December 31, 2018 was \$693,979. OMERS contribution rates for 2017 and 2016 depending on income level and retirement dates ranged from 9.0% to 15.8%.

**14. BUDGET FIGURES**

The operating budgets approved by the organization and the Province of Ontario for 2018 are reflected on the statement of operations and are presented for comparative purposes. The budget figures have been presented based on the proportion of the May 1, 2018 to December 31, 2018 year to the total yearly budget for the organization subsequent to the merger.

**15. PUBLIC SECTOR SALARY DISCLOSURE ACT 1996**

The Public Sector Salary Disclosure Act, 1996 ( the "Act") requires the disclosure of the salaries and benefits of employees in the public sector who are paid a salary of \$100,000 or more in a year. The organization complies with the Act by providing the information to the Ontario Ministry of Health and Long-Term Care for disclosure on the public website at [www.fin.gov.on.ca](http://www.fin.gov.on.ca).

**16. CONTINGENT LIABILITIES**

As at December 31, 2018 a legal action was pending against the organization. Subsequent to year end, the known litigation was settled and will be reflected in the 2019 year end.

Estimated costs to settle claims are based on available information and projections of estimated future expenses developed based on the organization's historical experience. Claims are reported as an operating expense in the year of the loss, where the costs are deemed to be likely and can be reasonable determined. Claim provisions are reported as a liability in the statement of financial position.

**SOUTHWESTERN PUBLIC HEALTH**  
**Notes to the Financial Statements**  
**For the Eight Month Period Ended December 31, 2018**

---

**17. FINANCIAL INSTRUMENTS**

Risks and Concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the balance sheet date.

Liquidity Risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risk relate to its accounts receivable.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Given the current composition of long-term debt (proportion of debt at a fixed interest rate compared to a floating interest rate), fixed-rate instruments subject the organization to a fair value risk while the floating-rate instruments subject it to a cash flow risk.

It is management's opinion that the entity is not exposed to any significant market, foreign currency or price risk.

No financial liabilities of the organization were in default during the period.

The organization was not subject to any covenants during the period.

**18. MERGER**

A merger between the Elgin St. Thomas Health Unit and the Oxford County Health Unit was effective May 1, 2018, and was given formal approval on March 29, 2018 under the Health Protection and Promotion Act R.R.O. 1990, Regulation 553, Areas Comprising Health Units, Schedule 7.

As such the current period presented represents the period from May 1, 2018 to December 31, 2018 and these represent the first financial statements of the merged organization.

# SOUTHWESTERN PUBLIC HEALTH

## Schedule of Expenditures For the Eight Month Period Ended December 31, 2018

---

	(Note 14) Budget 2018 <u>\$</u>	(Note 18) Actual 2018 <u>\$</u>
<b>SALARIES AND WAGES</b>		
Nursing	-	1,441,106
Management	-	1,138,847
Clerical and support	-	662,073
Inspection and environment	-	477,455
Nutrition and health promotion	-	348,326
Maintenance and security	-	63,029
	<u>5,155,558</u>	<u>4,130,836</u>
<b>FRINGE BENEFITS</b>		
Group pension	-	693,979
Medical insurance	-	236,137
Canada pension plan	-	189,982
Long term disability	-	169,205
Employer health tax	-	137,086
Dental plan	-	98,372
Employment insurance	-	86,342
Workplace safety insurance	-	66,802
Supplementary unemployment benefits	-	39,690
Group life insurance	-	29,473
Part-time benefits	-	8,230
Employee assistance programs	-	5,814
Vision and other	-	4,548
Benefits to other programs	-	(573,490)
	<u>1,127,660</u>	<u>1,192,170</u>
<b>FEEES AND HONORARIA</b>		
Audit and legal	66,150	99,652
Labour relations	23,333	11,194
Board	9,000	9,818
Clinical services	12,400	7,781
Meeting expense	8,867	3,256
	<u>119,750</u>	<u>131,701</u>
<b>TRAVEL</b>	<u>92,569</u>	<u>124,251</u>

# SOUTHWESTERN PUBLIC HEALTH

## Schedule of Expenditures For the Eight Month Period Ended December 31, 2018

---

	(Note 14) Budget 2018 <u>\$</u>	(Note 18) Actual 2018 <u>\$</u>
<b>EQUIPMENT</b>	<u>96,237</u>	<u>575,964</u>
<b>PROGRAM SUPPLIES</b>	<u>534,713</u>	<u>283,552</u>
<b>AMORTIZATION</b>	<u>-</u>	<u>250,485</u>
<b>RENT AND UTILITY SERVICES</b>		
Building and facilities rental	273,239	356,969
Interest on long-term debt	314,000	180,783
Maintenance and supplies	113,927	145,796
Utilities	65,667	55,173
Property taxes and insurance	<u>-</u>	<u>1,582</u>
	<u>766,833</u>	<u>740,303</u>
<b>ADMINISTRATIVE</b>		
Telephone	58,987	51,657
Professional development	63,499	64,192
Insurance	47,420	37,662
Engagement strategies	20,000	37,591
Public awareness and promotion	194,635	38,340
Printing and supplies	21,667	33,119
Fees and subscriptions	22,661	14,163
Equipment maintenance and rental	21,135	10,311
Postage	10,000	8,693
Staff recruitment	4,333	3,604
Courier	<u>-</u>	<u>356</u>
	<u>464,337</u>	<u>299,688</u>
<b>VECTOR-BORNE DISEASES PROGRAM</b>	<u>79,733</u>	<u>132,925</u>
<b>SMALL DRINKING WATER SYSTEMS PROGRAM</b>	<u>20,467</u>	<u>27,293</u>
<b>TOTAL COST SHARED PROGRAM EXPENDITURES</b>	<u>8,457,857</u>	<u>7,889,168</u>

---

# SOUTHWESTERN PUBLIC HEALTH

## Schedule of Expenditures For the Eight Month Period Ended December 31, 2018

	(Note 14) Budget 2018 <u>\$</u>	(Note 18) Actual 2018 <u>\$</u>
<b>OTHER PROGRAMS AND ONE-TIME EXPENDITURES</b>		
Healthy Babies Healthy Children	1,102,359	<b>1,115,930</b>
Healthy Smiles Ontario Operating	672,067	<b>691,563</b>
Merger Costs	1,266,667	<b>413,665</b>
Smoke-Free Ontario	437,267	<b>463,114</b>
Infectious Diseases Control	259,333	<b>261,226</b>
Social Determinants of Health Nurses Initiative	240,667	<b>235,195</b>
Harm Reduction	200,000	<b>232,945</b>
Chief Nursing Officer	162,000	<b>163,435</b>
Infection Prevention and Control Nurses Initiative	120,133	<b>126,864</b>
Prenatal and Postnatal Nurse Practitioner Services	92,667	<b>93,040</b>
Healthy Kids Community Challenge	43,750	<b>84,486</b>
Public Health Agency Canada	83,250	<b>83,642</b>
Medical Officer of Health Compensation Initiative	126,000	<b>72,324</b>
Sewage Inspection Program	-	<b>54,591</b>
Student Nutrition	69,517	<b>52,941</b>
Enhanced Food Safety - Haines Initiative	33,333	<b>41,667</b>
Needle Exchange Program	40,600	<b>35,120</b>
Healthy Smiles Ontario: Dental Equipment & Software	91,867	<b>34,992</b>
Low German Partnership	53,333	<b>26,684</b>
Canada Health Infoways	-	<b>26,159</b>
Electronic Cigarettes Act Protection and Enforcement	18,733	<b>22,353</b>
Enhanced Safe Water Initiative	20,667	<b>21,611</b>
Public Health Inspector Practicum Placement	13,333	<b>20,000</b>
School Health Screening	54,000	<b>15,932</b>
Needle Exchange Program	<u>16,267</u>	<u><b>6,981</b></u>
Total other programs and one-time expenditures	<u>5,217,810</u>	<u><b>4,396,460</b></u>
<b>TOTAL EXPENDITURES</b>	<u><u>13,675,667</u></u>	<u><u><b>12,285,628</b></u></u>

## SOUTHWESTERN PUBLIC HEALTH

### Statement of Operations and Surplus For the Twelve Month Period Ended December 31, 2018

	Oxford County Public Health Jan - Apr <u>\$</u>	Elgin St. Thomas Public Health Jan - Apr <u>\$</u>	Southwestern Public Health May - Dec <u>\$</u>	<b>Total 2018 <u>\$</u></b>
<b>REVENUES</b>				
Operating grants				
Municipal:				
County of Elgin	-	292,518	585,088	<b>877,606</b>
City of St. Thomas	-	227,285	454,709	<b>681,994</b>
County of Oxford	724,673	-	1,457,565	<b>2,182,238</b>
Province of Ontario	2,594,728	3,002,502	10,183,870	<b>15,781,100</b>
Healthy Kids Community Challenge	-	87,447	84,486	<b>171,933</b>
Public Health Agency of Canada	-	124,950	83,642	<b>208,592</b>
Canada Health Infoways	-	-	26,159	<b>26,159</b>
Student Nutrition	-	-	54,591	<b>54,591</b>
<b>Total operating grants</b>	<b><u>3,319,401</u></b>	<b><u>3,734,702</u></b>	<b><u>12,930,110</u></b>	<b><u>19,984,213</u></b>
Other				
Other fees and recoveries	78,120	15,004	158,536	<b>251,660</b>
Clinics	89,895	8,753	19,491	<b>118,139</b>
Interest	-	11,422	43,485	<b>54,907</b>
<b>Total other revenue</b>	<b><u>168,015</u></b>	<b><u>35,179</u></b>	<b><u>221,512</u></b>	<b><u>424,706</u></b>
<b>TOTAL REVENUES</b>	<b>3,487,416</b>	<b>3,769,881</b>	<b>13,151,622</b>	<b>20,408,919</b>
<b>EXPENDITURES</b>	<b><u>3,490,527</u></b>	<b><u>3,215,129</u></b>	<b><u>12,285,628</u></b>	<b><u>18,991,284</u></b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b><u>(3,111)</u></b>	<b><u>554,752</u></b>	<b><u>865,994</u></b>	<b><u>1,417,635</u></b>